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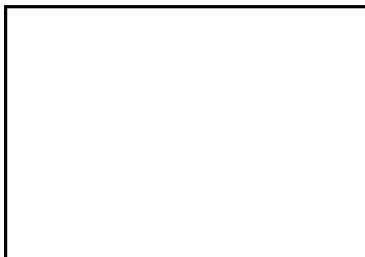
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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 27 September 1977 CG NIDC 77/225C



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National Intelligence Daily Cable for Tuesday, 27 September 1977

The NID Cable is for the purpose of informing senior US officials.

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ISRAEL - ARAB STATES: Concession

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[] The Israeli Government's acceptance of a Palestinian presence at Geneva as part of a unified Arab delegation is being played by the Israeli press as a major concession to the US. Israeli leaders probably regard their decision as the minimum they had to do to avoid the appearance of inflexibility and to satisfy a US desire to maintain some momentum in negotiations. The Arab response has been critical but cautious.

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[] By attaching stringent conditions to this concession, the Begin government has protected itself domestically against charges that it has caved in to the US on substantive matters or has given up much on procedural issues. The government has ruled out direct participation by the Palestine Liberation Organization at Geneva and is insisting that, after the initial ceremonial session, bilateral, geographically oriented committees be set up to discuss substantive issues, with the Palestinians participating as part of the Jordanian negotiating team.

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[] The PLO has not responded officially to the Israeli announcement, although one of its member groups, the Marxist-oriented Popular Democratic Front for the Liberation of Palestine, publicly denounced the Israeli move as "trickery." PLO officials long have lobbied for equal and independent representation at Geneva but have left room for compromise.

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[] While continuing to insist that the PLO itself must receive a formal invitation to attend, PLO spokesmen have occasionally implied that the organization might not necessarily require separate representation at the conference. The PLO apparently is willing to consider being represented at Geneva by low-level PLO officials or by non-PLO Palestinians.

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[] Muhammad Nashashibi, a moderate member of the PLO Executive Committee, told a Western diplomat in Damascus on 20 September that the PLO would have "no problem" accepting relative unknowns to represent its interests at Geneva.

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[] Representation by a group of Palestinian mayors from the West Bank area probably is one option that the PLO has considered. While not formal members of the PLO, many of the mayors are sympathetic to the organization's goals. It is unlikely,

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however, that a delegation representing West Bank majority opinion would agree to represent Palestinian interests at Geneva without the PLO's full sanction and support.

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[] Despite its apparent willingness at least to consider compromise on the representation issue, the PLO is keeping up the pressure for an official presence. In an interview on Sunday, the PLO's permanent observer to the UN warned that any agreement negotiated by non-PLO Palestinians "will not commit the PLO" to observe its terms.

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[] Egyptian Foreign Minister Fahmi issued a statement in New York yesterday, terming the Israeli proposals an insincere effort to convince the US public of Israeli flexibility. Cairo no doubt wants further clarification of the conditions Israel has attached to accepting Palestinians as part of a united Arab delegation and of US views on these conditions.

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[] Fahmi and other Egyptian officials in New York have warned, however, that Israel's position may be only a "tactical move" intended to exclude the PLO from the substance of peace talks and that such action should not be allowed to pre-empt efforts to establish a dialogue between the US and the PLO.

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[] Syria has asserted that Israel has come up with nothing new in agreeing to accept Palestinians at the opening ceremonies of a Geneva conference. The mere reconvening of the Geneva talks is not adequate, the official Syrian daily declared yesterday, and, while US recognition of the need for Palestinian representation is "a positive initiative," this is acceptable only if the PLO is specifically included in the conference.

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[] The Syrians had earlier shown that they were intrigued by the US statement that the Palestinians must be represented at Geneva, and they will no doubt continue to press for a US commitment specifically to the PLO in this regard. They will not, however, take seriously an Israeli proposal that not only omits the PLO from consideration but also limits acceptance of a united Arab delegation solely to the opening ceremonies.

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[] Jordan has endorsed the idea of a unified Arab delegation but sharply attacked the proposal that subsequent negotiations be handled by geographic committees. A Jordanian statement said that any negotiations on substantive issues should be

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handled by working groups--presumably composed of delegates from each of the confrontation states. The statement was apparently designed to counter Israeli press reports that Jordan had agreed to the idea of geographic committees.

[] The issue of Palestinian representation was not mentioned in the statement, but Jordan is believed to be willing to accept non-PLO Palestinians as part of either a unified Arab or a Jordanian delegation. []

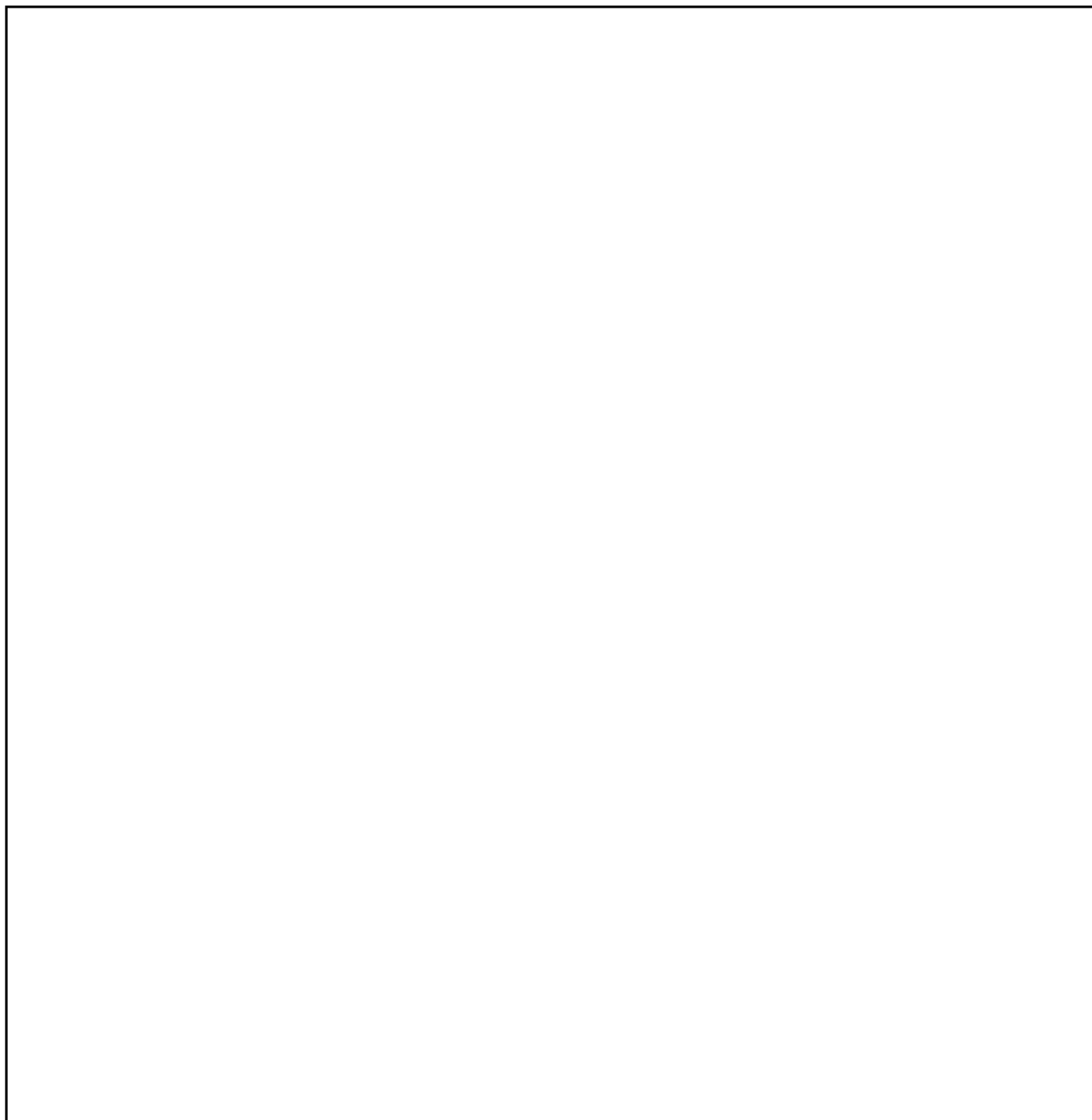
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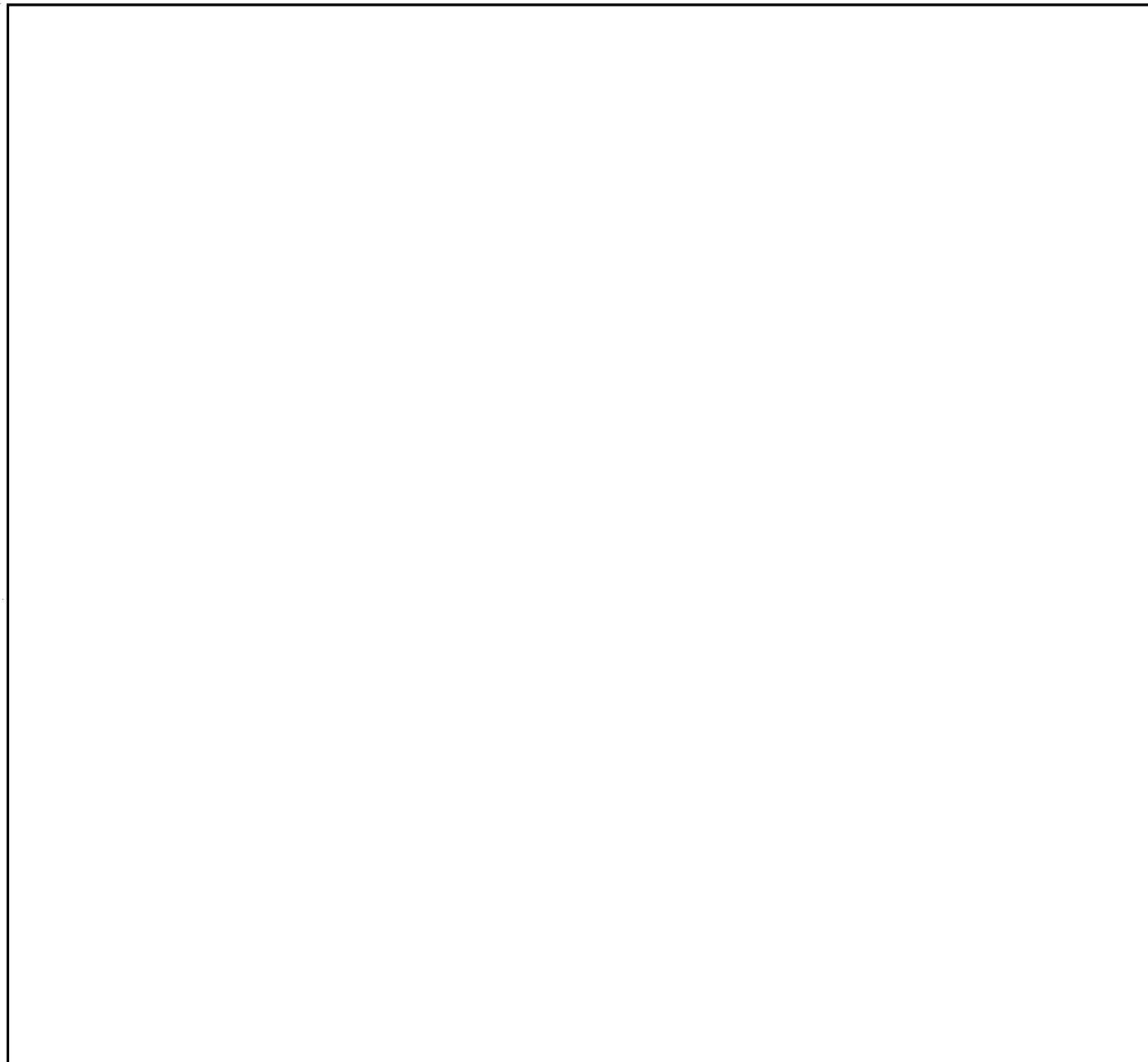
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BURMA: Political Party Purge

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 *The recent dismissal and detention of two Burmese cabinet ministers appears to be the beginning of a purge in*

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the Burma Socialist Program Party, the country's only legal political party. Up to 60 persons have reportedly been detained for questioning.

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[] The detained ministers appear to have offended President and party chairman Ne Win by supporting personnel changes in the party last February that were not to his liking. The charges against the ministers are not clear, but at least some are accused of corruption.

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[] This latest weeding out appears to reflect Ne Win's personal whim rather than any change in government policies. Ridding the party of undesirables now will eliminate possible opposition to Ne Win's hand-picked candidates for election to the rubber-stamp People's Assembly next January.

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[] The timing of the party action, just before Ne Win's planned departure tomorrow for Europe, fits his past pattern of leaving the country during party housecleanings, leaving the details to his underlings. Ne Win has no serious challengers, and his trip abroad reflects his confidence. []

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ASEAN-US: A Halting First Step

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[] *Members of the Association of South-East Asian Nations apparently intend to persist in their efforts to obtain special treatment and financial aid from the US. They welcomed the first dialogue between the US and ASEAN early this month as a sign that the US recognizes that ASEAN has a role to play in the development and stability of Southeast Asia, but they were disappointed by US rejection of their principal proposals.*

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[] The five ASEAN states--Indonesia, Malaysia, the Philippines, Singapore, and Thailand--had hoped to get US backing for a regional arrangement to stabilize their earnings from commodity exports. They also proposed US economic assistance for regional industrialization projects.

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[] From the ASEAN perspective, US rejection of these proposals was balanced to some extent by US promises to try to improve the access of ASEAN products to the US market and to encourage US private investment in ASEAN states.

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[] ASEAN members, however, have not abandoned hope for special US treatment. Malaysia, in particular, is likely to persist, and Prime Minister Hussein bin Onn will probably bring up the issue during his talks in the US this week. A second US-ASEAN dialogue is scheduled for next June. []

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USSR: Private Agriculture Policy

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[] Official Soviet support for the private farming sector remains high, spurred by Moscow's effort to correct the shortages of meat and other foods stemming from the poor 1975 harvest. Such support has been evident since last autumn but it reached almost campaign proportions during the summer.

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[] The Soviets have had an unusually difficult time recovering from the harvest disaster of 1975. Although meat output rose by 11 percent during the first seven months of 1977, this growth was not sufficient to bring supplies back to the levels achieved in the same period of 1974 and 1975. As a result, consumers are still facing substantial shortages of meat and dairy products in some areas. //At the end of August, for example, a resident of a central Asian town reported that meat was still being rationed locally.//

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[] The USSR's private agricultural sector, made up of garden-sized plots of land allocated to rural workers and of privately owned livestock, supplies about 30 percent of the country's total meat and milk output and 60 percent of potato output. Last year, when it became apparent that the USSR's meat shortage would linger for some time, official support for the sector began to come to the surface, another swing in a long history of policy vacillations toward this sector.

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[] In the past, a policy of tolerance or encouragement prevailed for several years after a poor harvest that was gradually eroded by good harvests. These swings are best reflected in the value of privately held livestock. These holdings increased substantially during the early years of the current regime but have dwindled since, while herds in the socialized sector have grown.

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[] Last October at the party plenum, Soviet President Brezhnev demanded "more attention and care" for the private plots. At the Trade Union Congress in March of this year he called on consumer co-ops to help market surplus output. The draft Soviet constitution, published in early June, contained a new provision that allowed all citizens "to conduct subsidiary farming, including the raising of livestock and poultry." Assistance to private agriculture was ordered by a July decree aimed at improving retail trade.

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[] Over the past year, the Soviet press advocated extensive aid to the private plots, including the provision of assured supplies of feed and pasture, the fattening of private livestock at state and collective facilities, the production of small portable tools and mechanized implements suitable for small areas, the packaging of fertilizer in small quantities, and the establishment of better procurement facilities for the purchase of surplus production from private plots. Other articles have struggled to define the fine line between private farming activities that smack of capitalism and those that contribute to the "building of a socialist state."

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[] The recent measures to provide more stable support for the private sector have not been sufficient to effect a substantial boost in private plot activity. Moreover, there are powerful economic forces at work against such a revival. Growing farm incomes, larger pension schemes, rising demand for leisure time, and greater availability of processed farm products all make private farming a less attractive alternative. Also, the drive to organize state livestock in centralized, specialized farms will make it more difficult for private farmers to have access to supplies of feed and young livestock.

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Philippines-China:

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[] A Philippine military delegation led by the Armed Forces Chief of Staff departed on Sunday for a five-day visit to China. The Philippine Defense Secretary has confided that the Chinese have been seeking such a visit for some time.

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[] Relations between the Philippines and China were established in June 1975 and have progressed modestly. Philippine trade with China this year could reach \$100 million.

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[] The trip may, in part, reflect President Marcos' consistent effort to balance his foreign policy moves regarding the major Communist powers. []

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Sweden:

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[] Sweden's fishing quota has been increased from 80,000 to 132,000 tons to take into account the extended fishing zone that Sweden unilaterally announced this summer. The new quota was agreed to by the Baltic Commission, composed of the seven signatories of the Gdansk Convention of 1973.

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[] At the same time it raised the Swedish quota, the Baltic Commission, for reasons of conservation, reduced the overall catch to be taken from the Baltic. This necessitated large quota cuts for other Baltic states; the Soviet catch quota was reduced by 25 percent--the largest cut.

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[] Swedish Agriculture and Fisheries Minister Dahlgren said Sweden would use part of the new quota in its bilateral negotiations with other Baltic states for reciprocal fishing arrangements. Sweden is especially interested in negotiating with EC countries to retain rights to traditional Swedish fishing grounds in the North Sea, which have recently been included in the EC fishing zone. []

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France:

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[] French Prime Minister Barre replaced his Minister of Equipment and two cabinet-level secretaries of state in a minor cabinet shuffle occasioned by the election Sunday of the three men to the Senate. The changes will not alter the "apolitical" nature of the Barre cabinet. A fourth successful senatorial candidate, the Industry Minister, has chosen to remain in the cabinet. []

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Fiji:

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[] The Fiji Alliance Party's landslide victory in the parliamentary election concluded over the weekend opens the way for five more years of Prime Minister Ratu Mara's temperate leadership. His party's control of 36 of the 52 parliamentary seats will strengthen his hand in dealing with Fiji's racial and labor problems. The Prime Minister's position had been weakened following the Alliance's surprise defeat in the parliamentary election last April.

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[] A crippling split in the Indian-led opposition contributed to the government's wide margin. A blatantly racist Fijian party's loss of its single seat will deny it a parliamentary forum for the rhetoric that has aggravated communal tensions.

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